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PASS: USDA FOR WITCHER, EARLY AND G. H. WHITE, FAS;
WILLETT AND CROM, ERS; ENGELMAN, P&SA

E.O. 11652: N/A
TAGS: EAGR OECD
SUBJECT: WP-4 (MEAT) OF COMM FOR AGR, 24TH SESSION,
APR 20-22, 1977

1. SUMMARY. OFFICERS REELECTED. CURRENT MARKET
SITUATION AND OUTLOOK THOROUGHLY DISCUSSED. DESPITE
PROSPECT OF DECLINING BEEF AND VEAL PRODUCTION IN
OECD AREA IN 1977, NO LARGE INCREASES IN AREA IMPORT
REQUIREMENTS ANTICIPATED. RISING PORK PRODUCTION
EXPECTED. BOECKENHOFF (GERMANY) PRESENTED HIS PAPER
ON THE RELIABILITY OF PRODUCTION FORECASTS. ANNEX 1
TO AGR(77)7 IS TO BE PUBLISHED AS A COVER NOTE TO THE
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PAPERS ON THE SYMPOSIUM, "TOWARDS A MORE EFFICIENT
BEEF CHAIN." FUTURE WORK IMPLICATIONS OF THAT PROJECT
WERE DISCUSSED. THE POSSIBILITY OF LETTING GATT
(INTERNATIONAL MEAT CONSULTATIVE COMMITTEE) QUOTE OECD
DOCUMENTS IN ITS POSSESSION WAS DISCUSSED WITH NEGATIVE
RESULTS. REPORT TO COMM FOR AGR ADOPTED. NEXT MEETING
JOINTLY WITH WP3 MID-JUNE OR EARLY JULY. END SUMMARY.

2. ANHALT (FRANCE) RE-ELECTED CHMN., HALL (AUSTRALIA), V. CHMN.; 17 COUNTRIES, EC, ECE, FAO, GATT REPRESENTED; AGENDA ADOPTED, AGR/WP4/A(77)1 (3-24-77) WITH ADDENDUM (4-14-77).

3. A. CURRENT MARKET SITUATION AND SHORT-TERM OUTLOOK.

INFORMAL WORKING PAPERS 1-14 WERE DISTRIBUTED (1 SET MAILED TO EARLY); ONE OF THESE BY ECE GAVE PAST PRODUCTION AND INVENTORY DATA FOR EASTERN EUROPEAN COUNTRIES AND USSR. EC PAPER (IN FRENCH ONLY) OBSERVED MINIMAL DECLINE OF EC CATTLE INVENTORY TO 77.2 MILLION HEAD DURING 1976, PROJECTED SAME NUMBER FOR END OF 1977 AND INCREASE TO OVER 80 MILLION BY END OF 1979 (SIC).

B. AUSTRALIAN BAE ESTIMATES FOR 1977 AND, IN PARENTHESES, FORECASTS FOR 1978 (IN THOUSAND T CARCASS WT.); BEEF AND VEAL PRODUCTION, 1,910 (1,690); EXPORTS, 950 (870); CANNING, 60 (50); AND CONSUMPTION, 910 (770). AUSTRALIAN DEL (LILBURN) STRESSED ROLE OF US AS MAJOR EXPORT MARKET AND CLARIFIED SOME INCONSISTENT DATA ON USSR AND EAST EUROPE BY STATING THAT 105,000 T OF BEEF AND VEAL IS MOST RECENT ESTIMATE OF AUSTRALIAN SALES AND CONTRACTS FOR DELIVERY IN 1977 TO THESE DESTINATIONS. HE VIEWED CATTLE CYCLE AS STILL IN LIQUIDATION PHASE WITH COWS AND HEIFERS MAKING UP 53 PCT OF ADULT SLAUGHTERINGS COMPARED WITH A "USUAL" PERCENTAGE BELOW 40. AUSTRALIAN PAPER RAISES QUESTION WHY CATTLE PRICES HAVE NOT RESPONDED TO LIMITED OFFICIAL USE

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IMPROVED OVERSEAS DEMAND, SEEKS ANSWER IN HEAVY SUPPLY AND THEN REFERS TO CURRENCY REVALUATION AFTER THE INITIAL DEVALUATION AS AN ADDITIONAL FACTOR.

C. JAPANESE DEL (MIYAKE) WORRIED ABOUT INCREASING PROTEIN FEED PRICES, WAS ASSURED BY US DEL THAT U.S. FARMERS INTEND TO INCREASE SOYBEAN PLANTINGS BY 11 PCT. MIYAKE HAD NO 1977 PRODUCTION IMPORT AND CONSUMPTION ESTIMATES; SO US DEL GAVE DATA FROM FORN. AGR. CIRC. FLM 4-77. MIYAKE REFERRED TO 1982 TARGETS FOR INCREASED SELF-SUFFICIENCY RATIOS BUT POINTED OUT THAT INCREASING DEMAND WOULD RESULT IN CONTINUED, CONSIDERABLE IMPORTS. SECRETARIAT (VIATTE) INVITED MIYAKE TO REPORT THE WP'S NEED FOR SHORT-TERM FORECASTS TO HIS AUTHORITIES SO THAT JAPAN COULD MAKE A MORE MEANINGFUL CONTRIBUTION IN THE FUTURE.

D. NEW ZEALAND MIN. OF AGR. FORECASTS FOR YEARS ENDING SEP.; 1977 AND, IN PARENTHESES, 1978 (IN

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THOUSAND T): BEEF AND VEAL PRODUCTION, BONE-IN,
498 (479); EXPORTS, PRODUCT WT., 245 (207). N.Z. DEL
(HARRISON) STRESSED RISING IMPORTANCE OF BONELESS BEEF
IN SALES TO USSR AND EAST EUROPE WHEREAS PAST SALES
WERE MOSTLY MUTTON. HIS REFERENCE TO SELLING AT
"AMERICAN VALUES" (I.E. NEWYORK C.I.F. PRICE MINUS
N.Z. TO N.Y. FREIGHT COSTS) AND EMPHASIS ON PAYMENT
BY USSR OF PREVAILING WORLD MARKET PRICE LED TO
DISCUSSION ON SOVIET BUYING HABITS. OBSERVATION MADE
THAT USSR TYPICALLY PAYS PREVAILING WORLD MARKET
PRICES FOR ITS AGRICULTURAL IMPORTS FROM FREE WORLD
BUT TENDS TO BUY WHEN SUCH PRICES ARE LOW. DANISH DEL
THOUGHT IT BOUGHT TO MEET NEEDS, HAD RECENTLY PAID
10 PCT MORE FOR 12,000 T OF DANISH BROILERS THAN
PRICE PREVAILING ONE HALF YEAR AGO. FINAL CONCLUSION
WAS THAT THE TWO OBSERVATIONS NEED NOT BE CONTRADIC-
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TORY. DEL'S OF BOTH AUSTRALIA AND N.Z. EMPHASIZED CURRENT PROFITABILITY OF SHEEP MEATS AND WOOL IN CONTRAST TO BEEF. N.Z. DEL (SHEPHERD) SUMMARIZED PROVISIONS OF MEAT AND WOOL STABILIZATION ARRANGEMENTS; BEEF ACCOUNT IS NOW IN DEFICIT, SHEEP ACCOUNT IN SURPLUS. HARRISON EXPLAINED RECENT ORGANIZATION IN U.K. OF "MEAT MART", A SALES OUTLET OF THE N.Z. MEAT PRODUCERS BOARD TO MAINTAIN THE PRICE OF LAMB AND SHEEPMATE.

E. ECE (LITTMAN) SUGGESTED POSSIBILITY THAT SOVIET UNION INCORPORATES SOME SOYBEANS DIRECTLY INTO MEAT PRODUCTS INSTEAD OF USING THEM FOR FEED. HIS EXPECTATIONS FOR BEEF AND VEAL PRODUCTION IN 1977 ARE FOR NO CHANGE OR SLIGHT DECLINE IN USSR, SIMILARLY FOR POLAND (ALTHOUGH INCREASED PRODUCTION IN 1976 AND SIMULTANEOUS INCREASE IN CATTLE NUMBERS PUZZLES HIM); HE EXPECTS NO OVERALL CHANGE IN PORK PRODUCTION IN EAST EUROPE, ESTIMATES AN 11 PCT INCREASE IN USSR. HE STRESSED DEPENDENCE OF EAST GERMANY ON OUTSIDE FEED SUPPLIES, LATER GENERALIZED THAT EAST EUROPE AS A WHOLE DEPENDS ON WORLD MARKET FOR BOTH SUPPLIES AND END PRODUCTS, IN CONTRAST TO USSR WHICH COULD BE SELF-SUFFICIENT IF IT FED EFFICIENTLY. HE ESTIMATES SOVIET MEAT IMPORTS 1976 AT NOT MORE THAN 300,000 T, EXPECTS SOME DECLINE IN 1977.

F. US DEL (CROM) SUMMARIZED US OUTLOOK AS PUBLISHED IN MARCH SUPPL TO LIVESTOCK AND MEAT SITUATION (ERS). ANDERSON INTERPRETED MEAT IMPORT LAW, MENTIONED PETITION OF 263 CATTLE PRODUCERS TO ITC FOR IMPORT RELIEF, DISCUSSED LIVE CATTLE IMPORTS AND EXPLAINED MARKET DEVELOPMENT PROGRAM FOR MEAT EXPORTS.

G. CANADIAN DEL (BOSWELL) CALLED HIS GOOT'S IMPORT POLICY ONE OF "NEGOTIATED LIMITATIONS." HE STRESSED THE SIMILARITY OF LIVESTOCK DEVELOPMENTS LIMITED OFFICIAL USE

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IN THE US AND CANADA.

H. EC (ORIGER) DOES NOT EXPECT THE REDUCTION IN EC CATTLE NUMBERS (IN MILLION) FROM 77.5 END OF 1976 TO 76.0 IN 1977 AND 75.0 IN 1978 FORECAST BY SECRETARIAT IN AGR/WP4(77)1; SEE SUBPARA. A ABOVE. ANY DECLINE IN PRODUCTION TO BE MADE UP BY SALE OF INTERVENTION STOCKS (NOT BY INCREASED IMPORTS). FRENCH DEL (PIQUARD) STRESSED REGULARITY OF PRODUCTION AND

CONSUMPTION. (COMMENT: THE FRENCH STILL DENY THE
EXISTENCE OF A CATTLE CYCLE/) WHEN US DEL (HIRSCH)
POINTED TO THE UNAVOIDABILITY OF SOME FLUCTUATION IN
PRODUCTION, POSTULATED PRICE RESPONSE TO CLEAR THE
MARKET AND STATED THAT WITHIN LIMITS THE CAP ENVISAGED
SUCH RESPONSE, PIQUARD REPLIED THAT MEAT DEMAND IN
FRANCE WAS COMPLETELY INELASTIC. E- EC DEL
(ZWICKERT) SAID, "WE PREFER TO AVOID SUPPLY FLUCTUA-
TIONS THROUGH PRICE STABILITY." PIQUARD ALSO STRESSED
THAT THE EC IS AN ENTITY, NOT JUST A "JUXTAPOSITION
OF 9 COUNTRIES." WHEN MONETARY COMPENSATORY PAYMENTS
AND GREEN EXCHANGE RATES CAME UP AND THE IRISH DEL
(O'SHEA) DEMANDED RECOGNITION OF THE ECONOMIC POSITION
OF INDIVIDUAL MEMBER COUNTRIES, ORIGER STATED THAT
GREEN RATES ARE FIXED WITHIN THE EC, NOT OUTSIDE, AND
ADDED THE EC COULD NOT BE CHARGED WITH UNREASONABLE
EXPORTS.

I. EC, US AND CANADIAN SPEAKERS AS WELL AS US
SPEAKING ON JAPAN AND ECE ON SOVIET UNION, ALL STRESSED
PROSPECTIVE INCREASES IN PORK PRODUCTION.

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4. PROFESSOR E. BOECKENHOFF OF STUTTGART-HOHENHEIM UNIVERSITY PRESENTED HIS PAPER ON THE RELIABILITY OF PRODUCTION FORECASTS FOR SLAUGHTER PIGS AND CATTLE IN GERMANY, DAA/1327, 18 NOV 1975.

5. THE SUMMARY REPORT ON THE SYMPOSIUM, "TOWARDS A MORE EFFICIENT BEEF CHAIN" (AGR(77)7) WAS DISCUSSED FROM THE STANDPOINT OF FUTURE WORK DIRECTIONS AND WITH RESPECT TO ITS SUITABILITY AS A COVER NOTE FOR THE SYMPOSIUM PAPERS. THE CHAIR (ANHALT) FAVORED MORE WORK ON THE THEME OF PARA. 19, SEARCH FOR A BETTER BALANCE OF MARKET POWER BETWEEN THE DIFFERENT ECONOMIC AGENTS WITH EMPHASIS ON STRENGTHENING PRODUCER CROPS. DANISH DEL (PEDERSEN) CALLED FOR RESEARCH ON MARKETING MARGINS. US DEL (HIRSCH) SAID IN SEVERAL

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DISCUSSIONS OVER THE YEARS HIS DELEGATION HAD EXPRESSED RESERVATIONS ABOUT THE VALUE OF ASSIGNING SUCH WORK TO THE SECRETARIAT. HOWEVER, IF MARKETING MARGINS WERE CONSIDERED AN ASPECT OF MARKET STRUCTURE ANALYSIS, THE PROPOSAL MIGHT BE CONSIDERED. COMMENTING PERSONALLY ON THE CHAIRMAN'S PREFERENCE, HE WOULD FAVOR INVOLVING USDA'S FARMER COOPERATIVE SERVICE IN AN OECD ACTIVITY. MOST PRESSING FOR THE MOMENT, HOWEVER, WAS TO GIVE SOME MORE DIRECTION TO THE BEEF CHAIN STUDY. ITS SCOPE WAS LARGELY DETERMINED NOW; BUT TO THE EXTENT TO WHICH THERE WAS STILL SOME FLEXIBILITY, HE WANTED TO REPEAT HIS PREVIOUSLY EXPRESSED REQUEST FOR MORE TREATMENT OF THE INTERNATIONAL ASPECTS OF BEEF MARKETING. THIS REQUEST WAS SO VEHEMENTLY OPPOSED BY THE BELGIAN DEL (DETRAUX) THAT CHAIR IMMEDIATELY SIDED WITH US REQUEST. N.Z. (DEL) THEN EXPRESSED HIS AMAZEMENT THAT "THE WORLD'S LEADING TRADING COUNTRY" OPPOSED THE DISCUSSION OF TRADING ASPECTS AND ASKED BELGIUM AT LEAST TO ACCEPT THE IMPORTANCE OF FOREIGN TRADING PROBLEMS FOR OTHERS. REGARDING PUBLICATION OF AGR(77)7, AFTER UK AND AUSTRALIA HAD FAVORED PUBLICATION OF ANNEXES 1 AND 4 (MAIN POINTS ARISING FROM THE DISCUSSIONS AND LIST OF DOCUMENTS) WITHOUT THE SECRETARIAT'S NOTE, THE CHAIR RULED ACCORDINGLY WITH THE UNDERSTANDING THAT THE MOST IMPORTANT PARTS OF ANNEX 1 ARE TO BE UNDERSCORED. IT IS UNDERSTOOD THAT PUBLICATION OF ANNEX 1 REQUIRES NO DERESTRICTION PROCEDURE; IT IS THUS EXPECTED THAT THE SYMPOSIUM PAPERS WILL BE PLACED ON SALE SOON.

6. THE SECRETARIAT (VIATTE) RAISED THE QUESTION OF PERMITTING THE GATT SECRETARIAT TO QUOTE DOCUMENTS OF WP NO. 4, PERHAPS ONLY REPORTS ISSUED ON THE SECRETARIAT'S RESPONSIBILITY, IN FUTURE REPORTS OF THE INTERNATIONAL MEAT CONSULTATIVE COMMITTEE. IT POINTED OUT THAT ALL SUCH DOCUMENTS ARE IN THE POSSES-
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SION OF GATT BECAUSE ITS REPRESENTATIVE PARTICIPATES IN THE WORK OF WP NO. 4. ON THE OTHER HAND, IT WAS POINTED OUT THAT SO FAR THE OECD LEGAL DEPARTMENT HAD TAKEN A COMPLETELY NEGATIVE ATTITUDE POSTULATING EITHER FORMAL DERESTRICTION OR NO QUOTATION. SEVERAL DELEGATIONS, AMONG THEM EC AND FRANCE, SPOKE AGAINST QUOTING OECD DOCUMENTS AND BASED THEIR GENERAL HOSTILITY TO THE PROPOSITION ON THE LACK OF INSTRUCTIONS (EVEN THOUGH THE AGENDA WERE DISTRIBUTED 4 WEEKS BEFORE THE MEETING). THE US DEL (HIRSCH) POINTED OUT THAT MANY DEL'S HAD ON MANY OCCASIONS OPPOSED DUPLICATION OF WORK BY INTERNATIONAL ORGANIZATIONS. IN MANY INSTANCES, THE GATT SECRETARIAT COULD FIND PUBLISHED SOURCES FOR DATA IN OECD DOCUMENTS. WHILE HE RECOGNIZED THE EXISTENCE OF A PROBLEM, HE THOUGHT THERE WERE PRAGMATIC SOLUTIONS. SINCE WP NO. 5 ISSUED PRESS RELEASES, WP NO. 4 CERTAINLY HAD THE AUTHORITY TO DO THE SAME. AGAINST THIS BACKGROUND, THOUGHT MIGHT BE GIVEN TO WORKING OUT ARRANGEMENTS UNDER WHICH WP NO. 4, AT THE END OF EACH SESSION, MIGHT AGREE TO WHAT EXTENT ITS DOCUMENTATION COULD BE QUOTED BY GATT OR NOT. THE FRENCH DEL PREFERRED DUPLICATION TO ANY SUCH ARRANGEMENT AND THE EC (ORIGER) FELT EVEN THE POSSIBILITY OF THIS KIND OF A DERESTRICTION WOULD HAMPER THE FRANKNESS OF DISCUSSION IN THE WP.

7. A REPORT TO THE COMM FOR AGR WAS ADOPTED. A JOINT MEETING OF WP'S 3 AND 4 IS ENVISAGED EITHER FOR THE MIDDLE OF JUNE OR EARLY JULY.
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